

## Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 INT-08 SCEM-02 SS-15 NSC-10

STR-08 DODE-00 PA-03 PRS-01 USIA-12 IO-13 RSR-01 /158 W  
----- 096142

R 161250Z JUL 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 4659

INFO AMEMBASSY BANGKOK

CINPAC

AMCONSUL HONG KONG

AMEMBASSY JAKARTA

AMEMBASSY KUALA LAMPUR

AMEMBASSY PHNOM PENH

AMEMBASSY SINGAPORE

UNCLAS SAIGON 12880

E.O. 11652: N/A

TAGS: ENRG VS

SUBJECT: WINNERS OF OIL CONCESSION BIDS ANNOUNCED

CINCPAC FOR POLAD

REF: SAIGON 12046 (NOTAL)

1. SUMMARY: NATIONAL PETROLEUM BOARD (NFB) HAS ANNOUNCED THAT PECTEN VIETNAM (SHELL), ESSO, MOBIL, AND SUNNYDALE WILL BE AWARDED OFFSHORE OIL CONCESSIONS. A SMALL PORTION OF TWO BLOCKS TO BE AWARDED OVERLAP WITH AREAS CLAIMED BY INDONESIA. EXPLORATION AGREEMENTS ARE EXPECTED TO BE SIGNED ON AUGUST 15. GVN WILL THEREAFTER RECEIVE \$16.6 MILLION IN SIGNATURE BONUSES AND \$540,000 ANNUALLY IN CONTRIBUTIONS TO THE EDUCATION FUND AND IN RENTAL TAXES. END SUMMARY.

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2. NPB HAS ANNOUNCED THAT FOUR PETROLEUM FIRMS HAVE BEEN AWARDED

THE FOLLOWING NUMBERED OIL CONCESSION BLOCKS:

PECTEN VIETNAM (LOCALLY INCORPORATED SUBSIDIARY OF SHELL OIL  
CO. OF HOUSTON) - BLOCKS 3, 7, AND 11  
MOBIL OIL - BLOCKS 4 AND 8  
ESSO EXPLORATION - BLOCK 10  
SUNNYDALE - BLOCKS 21 AND 22

IT SHOULD BE NOTED THAT ABOUT A QUARTER OF SUNNYDALE'S BLOCK 22  
AND A SMALL CORNER OF PECTEN'S BLOCK 11 OVERLAP WITH AREAS CLAIMED  
BY INDONESIA.

3. ON JULY 16 CABINET GAVE FORMAL APPROVAL TO NPB'S DECISION ON  
THE WINNERS FOR THE CONCESSION BIDS. PRIME MINISTER IS NOW EXPECTED  
TO ISSUE A DECREE GRANTING THE EXPLORATION CONCESSIONS IN ACCORDANCE  
WITH THE PETROLEUM LAW. NFB IS RECOMMENDING THAT SIGNING OF CON-  
CESSION AGREEMENTS TAKE PLACE ON AUGUST 15, THE OPENING DAY OF  
FOURTH ECONOMIC DEVELOPMENT SEMINAR, WHICH MANY FOREIGN BUSINESSMEN  
ARE EXPECTED TO ATTEND.

4. UPON SIGNING AGREEMENTS GVN WILL BEGIN TO RECEIVE THE FOLLOWING  
BENEFITS:

A. \$16.6 MILLION IN SIGNATURE BONUSES

B. \$300,000 PER YEAR IN CONTRIBUTIONS TO EDUCATION FUND FOR  
MINIMUM OF THREE YEARS

C. \$35.0 MILLION (FIRST YEAR - \$5.5 MILLION, SECOND YEAR-  
\$12.5 MILLION, THIRD YEAR - \$17.0 MILLION) IN WORK OBLI-  
GATIONS OVER FIRST THREE YEARS. IF ALL FIRMS RETAIN  
CONCESSIONS FOR FIVE YEARS, WORK OBLIGATIONS WILL TOTAL  
\$59.25 MILLION. ABOUT 10-20 PERCENT OF THESE EXPENDITURES  
ARE EXPECTED TO BE SPENT IN VEITNAM.

D. GVN WILL RECEIVE ANNUALLY \$240,000 IN RENTAL TAXES FROM  
EIGHT BLOCK AREA OF ABOUT 60,000 SQ. KILOMETERS.

E. SUNNYDALE WILL PROVIDE TWO SCHOLARSHIPS AND GRANT INTEREST  
INCOME FROM \$100,000 DEPOSITED IN LOCAL BANKING INSTITUTION.  
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APPLING

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NNN

## Message Attributes

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**TAGS:** ENRG, VS  
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